



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA, 95814

PO BOX 942879, SACRAMENTO, CA 94279-0081

916-322-2270 • FAX 916-324-3984

www.boe.ca.gov

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Acting Member
First District, San Francisco

BILL LEONARD
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CLAUDE PARRISH
Third District, Long Beach

JOHN CHIANG
Fourth District, Los Angeles

STEVE WESTLY
State Controller, Sacramento

RAMON J. HIRSIG
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
March 28-29, 2006
NOTICE AND AGENDA**

MARCH 28, 2006

Board Committee Meeting Convenes At 9:30 a.m.*

Board Meeting Convenes Upon Adjournment Of The Board Committee Meeting.**

Agenda items occur sequentially. When circumstances warrant, the Board's Chair, Mr. Chiang, may modify the order of the items on the agenda.

BUSINESS TAXES COMMITTEE.....Mr. Chiang, Committee Chair

1. Proposed new Regulations 1125 and 1423, *Two-party Exchange*, and proposed revisions to Regulations 1123 and 1420, *Supplier*, regarding the primary liability of payment of the fuel tax in a two-party exchange of fuel.

BOARD MEETING

ORAL HEARINGS

A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS

There Are No Hearings For This Matter

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

(Contribution Disclosure forms required pursuant to Govt. Code § 15626)

- B1. J. Mwah Polson, 306075
For Appellant: J. Mwah Polson, Taxpayer
For Franchise Tax Board: Johnathan Hatae, Intern
- B2. Scott R. Martin and Judith E. Martin, 253561
For Appellant: Scott R. Martin, Taxpayer
For Franchise Tax Board: Judy Hirano, Tax Counsel
- B3. Michael Dilkey and Nancy Dilkey, 306366
Motivated Transportation Dynamics, Inc., 306391
For Claimant: Joy E. Cadunz, Attorney
Nancy Dilkey, Taxpayer
For Franchise Tax Board: Christopher Parker, Tax Counsel

- B4. Manuel Mireles and Rosa Mireles, 304422
For Appellant: Antonio Gomez, Jr., Enrolled Agent
Ken Nordberg, Assistant
For Franchise Tax Board: Christopher Parker, Tax Counsel
- B5. Robert P. Anderson and Marlene P. Anderson, et al., 313978
Stephen R. Fake and Deborah J. Fake, et al., 314025
Dan M. Lusky and Lisa Dewitt-Lusky, et al., 313988
For Appellant: Betty J. Little, Attorney
For Franchise Tax Board: Ann Hodges, Tax Counsel
- B6. Mercury General Corporation, 145450
For Appellant: Rick Richman, Representative
Valerie Dickerson, Representative
For Franchise Tax Board: John Penfield, Tax Counsel
- B7. Joseph R. Banister, 305606
For Appellant: Joseph R. Banister, Taxpayer
For Franchise Tax Board: Andrew O'Boyle, Tax Counsel

BOARD MEETING RECONVENES AT 1:30 P.M.****C. SALES AND USE TAX APPEALS HEARINGS**

(Contribution Disclosure forms required pursuant to Govt. Code § 15626)

- C1. Mohammad Wahid Nayibkhil and Arian Baraki, 235824 (KH)
For Petitioner: Arian Baraki, Taxpayer
Mohammad W. Nayibkhil, Taxpayer
Linna Ahrari, Witness
For Department: Kevin Hanks, Hearing Representative
- ~~C2a. United Parcel Service, Inc., 98724, 126831, 131381, 153034, 192709, 242411
(OH)~~
- ~~C2b. United Parcel Service, Inc., 98726, 131383, 131431, 153036, 207917, 242304
(EAA)~~
- ~~C2c. United Parcel Service, Inc., 272826 (CH)
For Claimant: Richard D. Binn, Attorney
Howard Mantel, Representative
Brenda Fountain, Representative
For Department: Cary Huxsoll, Tax Counsel~~
- C3. Chris T. Attkisson and Loretta P. Attkisson, 235821 (KHO)
For Petitioner: Cherri Attkisson Makasian, Representative
For Department: Kevin Hanks, Hearing Representative

~~C4. P.J. Helicopters, Inc., 224188 (UT)~~
~~For Petitioner: Joseph Micallef, Sr., Representative~~
~~Joe Micallef, Jr., Representative~~
~~For Department: Sharon Jarvis, Tax Counsel~~

D. SPECIAL TAXES APPEALS HEARINGS

These Hearings Are Scheduled For Wednesday, March 29, 2006.

E. PROPERTY TAX APPEALS HEARINGS

There Are No Hearings For This Matter

F. PUBLIC HEARINGS

F1 Business Taxpayers' Bill Of Rights Hearings Mr. Gilman

Individuals have the opportunity to present their ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs. At the Business Taxes hearings you can comment on the administration of sales and use taxes, environmental fees, fuel taxes, and excise taxes.

F2 Property Taxpayers' Bill Of Rights Hearings Mr. Gilman

Individuals have the opportunity to present their ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs. At the Property Taxes hearings you can comment on the property taxes programs and laws administered by the Board, and identify ways to resolve any problems identified in the Property Taxpayers' Advocate's Annual Report.

F3 Proposed Amendments to Property Tax Rules..... Mr. Lambert

1. Rule 140, *Welfare Exemption Requirements for Low-Income Housing Properties*
2. Rule 140.1, *Requirements of Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties*
3. Rule 140.2, *Requirements for Supplemental Clearance Certificate for Limited Partnership for Welfare Exemption for Low-Income Housing Properties*
4. Rule 143, *Requirements for Irrevocable Dedication Clause and Dissolution Clause for Organizational Clearance Certificate for Welfare Exemption*

Rules 140, 140.1, and 140.2 clarify the requirements under Revenue and Taxation Code section 214, subdivision (g) to qualify for the welfare exemption for low-income properties.

Rule 143 clarifies the requirements for the irrevocable dedication and dissolution clause for nonprofit organizations claiming the welfare exemption under Revenue and Taxation Code section 214.

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT(Contribution Disclosure forms not required pursuant to Govt. Code § 15626)**G1 Legal Appeals MattersMr. Levine**

- Hearing Notice Sent – No Response
 1. Radio Engineering Industries, Inc., 241038 (OHA)
 2. DSET Corporation, 169300 (OHB)
 - ~~3. Donald A. Farrelly and Sheila M. Chapman, 265253 (BH)~~
 4. Mal-Wal, Inc., 294997 (JHF)
- Petitions for Release of Seized Property
 5. Izzat Kamel Asfour, 336702 (BH)
 6. Gurdev Singh Pooni, 334693 (KHM)

G2 Franchise and Income Tax MattersMr. Schreiter

- Decisions
 1. Chino Development League, Inc., 311530
 2. Raymond P. Crum, 309571
 - ~~3. Mark Crumpacker, 313396~~
 4. Bo Gao, 311617
 5. Kenneth Gisstennar, 306153
 6. Howard L. Greenblatt and Debra D. Greenblatt, 303631
 7. Paul Kaleta and Vicky Kaleta, 287729
 8. Jonathan C. McCracken, 306871
 9. Monkee Business, LLC, 317411
 10. Lawrence Phillips, 266204
 11. James W. Rafferty, 312501
 12. Alejandro Roman, 315224
 - ~~13. John J. Roppo, 311951~~
 14. James L. Tarpo, 301163
 15. Matthew A. Tunney and Stephany J. Tunney, 308146
 16. Warren D. Ward, 260981
 17. Hang Zhang, 310518
- Petitions for Rehearing
 18. Avalon Sunset, A California Corporation, 283190
 19. A. Fabian Garces, 270324
 20. Byron Howell and Donnia Howell, 246320
 21. James W. McCain, 270549
 22. Michael G. McKinney, 290004
 - 23a. Rick Spain, 206124
 - 23b. Rick Spain, 237220
 24. Stephen Trimberger and Laura Trimberger, 288720
 25. Dale A. Waltz and Anita L. Waltz, 288719

G3 Homeowner and Renter Property Tax Assistance Matters.....Mr. Schreiter

- Decisions
 1. Yevgenia Bogomilsky, 300010
 2. Majid Deyhim, 328872
 3. Margie Garcia, 301772
 4. Pamela Lashonda Ross, 306982

G4 Sales and Use Taxes MattersMs. Henry

- Redeterminations
 1. Michelin Tire Corporation, 214644 (OHB)
 2. Automated Packaging Systems, Inc., 310290 (OHA)
 3. Aptix Corporation, 84143 (GH)
 4. Sunset Aviation, Inc., 331752 (UT)
 5. First American Real Estate Southern, LLC., 241701 (EA)
 6. California Auto Express, Inc., 255771 (AS)
 7. Charles River Laboratories, Inc., 296703 (OHB)
 8. Eisenhower Health Services, 254081 (EHC)
- Relief of Penalty/Interest
 9. Ralphs Grocery Company, 338976 (AA)
 10. Rancho Ready Mix, 339053 (EH)
 11. Grove Lumber & Building Supply, Inc., 340029 (EH)
 12. Food 4 Less of California, Inc., 338977 (AA)
 13. Qualex, Inc., 336917(OHB)
 14. Bizmart, Inc., 340026 (OHA)
 15. California Builder Appliances, Inc., 339057 (JH)
 16. Gunderson Auto Group, LLC, 339067 (AP)
 17. Hughes Markets, Inc., 338939 (AA)
- Denials of Claims for Refund
 18. Mills/Peninsula Hospital, 339788 (BH)
 19. Swingles Furniture Rental, Inc., 255297 (OHA)

G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds.....Ms. Henry

- Credit and Cancellation
 1. Riso Family Motors, Inc., 340083 (EH)
- Refunds
 2. National Ready Mixed Concrete Company, 336947 (AR)
 3. Lynwood Unified School District, 315353 (AA)
 4. Lick Wilmerding School, 300642 (BH)
 5. California Physician's Service, 289235 (BH)
 6. Charles Bullock Hope, 309524 (FH)
 7. Inter-State Oil Company, Inc., 310355 (KH)
 8. The Sleep Train, Inc., 271026 (KH)
 9. Lanier Worldwide, Inc., 287927 (OHC)
 10. Container Corporation of America, 317034 (AA)
 11. Sunrider Corporation, 336390 (AS)
 12. Childtime Childcare, Inc., 234105 (OHA)
 13. GEAC Enterprise Solutions, Inc., 339534 (OHC)

14. Datex-Ohmeda, Inc., 333018 (OHA)
15. Vacco Industries, 294849 (AP)
16. Goldman Sachs & Company, 264927 (OHB)
17. Rocco Grieco, 301064 (AA)
18. Corporate Software & Technology, 313780 (OHC)
19. Keypoint Credit Union, 313695 (GH)
20. S & T Corporation, Inc., 318376 (AC)
21. Erickson Air-Crane, Inc., 300077 (KHM)
22. Faville, Inc., 339419 (FH)
23. W. W. Grainger, Inc., 339635 (OHA)
24. Northrop Grumman Systems Corporation, 327437 (AS)
25. USE Credit Union, 312985 (FH)
26. A-L Financial Corporation, 315503 (EA)
27. A-L Financial Corporation, 333019 (EA)

G6 Special Taxes Matters Mr. Gau

- Relief of Penalty
 1. Sun Life Assurance Company of Canada, 268875 (OH) – “CF”
 2. General Electric Capital Assurance, 316548 (OH) – “CF”
 3. Explorer Insurance Company, 333665 (OH) – “CF”

G7 Special Taxes Matters – Credits, Cancellations, and Refunds Mr. Gau

- Refunds
 1. Costco Wholesale Corporation, 339364 (EH)
 2. Aetna Life Insurance Company, 339374 (OH) – “CF”

There are No Items For The Following Matters

G8 Property Tax Matters

G9 Cigarette License Fee Matters

G10 Legal Appeals Property Tax Matters

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

(Contribution Disclosure forms required pursuant to Govt. Code § 15626)

H1 Legal Appeals Matters Mr. Levine

- Cases Heard But Not Decided
 1. Tareq Sulaiman and Kathy Sulaiman, 249880 (GH)
 2. John Raymond Collins and Lisa House, 170436 (UT)
 3. AGS Enterprises, Inc., 215145 (FH)
- Matter for Board Consideration
 4. Tri-Air, Inc., 240935 (KHO)

H2 Franchise and Income Tax MattersMr. Schreiter

- Opinion
 - 1. James C. Meek and Florence Meek, 290009
- Decisions
 - ~~2. John T. Berg, 300516~~
 - 3. Norma Jean Cattle Company, 303567
 - 4. Richard M. Trank, 304962
 - ~~5. Geoffrey K. Wascher, 307238~~
- Petitions for Rehearing
 - 6. Giuseppe Aiello, 240658
 - Bennie Anselmo, 241129
 - Bennie Anselmo, Sr., 241151
 - Thomas Arens, 241154
 - Renato Avanzino, 241159
 - Michael Joseph Biagini and Elizabeth A. Biagini, 241164
 - Natalio Cademartori, 241330
 - Fernando Cambri, 241332
 - Juanito Cuneo, 241334
 - Ugo J. Cuneo, 241335
 - Victor D'Agnolo, 241336
 - Casimiro Damele, 241337
 - Adolpho Delcarlo, 241339
 - Mary Della Cella, 241340
 - Susan Della Cella, 241342
 - Mario Delucchi, 241344
 - Alfred De Martini, 241365
 - Estate of Ann M. De Martini, 241366
 - Eugene V. De Martini, 241368
 - Gino De Martini, 241369
 - Paul De Martini, 241370
 - Angelo DeVincenzi, 241371
 - James DeVincenzi, 241372
 - Alipio Fatica, 241373
 - Elmo Fatica, 241374
 - Luciano Ferrari, 241377
 - Giacomo Franco, 241378
 - Bernardo Ghigliazza, 241379
 - Gloria Ghirarduzzi, 241380
 - Mario Grelli, 241381
 - Orel Jackson, 241382
 - Attilio Malatesta, 241386
 - Anthony J. Oneto, 241391
 - Vincenzo Pasquinelli, 241392
 - Antonio Passetti, 241393
 - Quinto Passetti, 241394
 - Flora Raggio, 241396
 - Louie J. Ratto, 241398
 - Ernest J. Ronzani, 241400

- Raniero Roselli, 241401
- Angelo Ricchetti, 241402
- Francesco Rissotto, 241403
- Dante Steccone, 241406
- Mario G. Steccone, 241407
- Luis Stella, 241408
- Luis M. Torres, 241409
- Dina T. Vannelli, 241411
- Paul E. Worden, 241413
- Hugo Giovannini, 241414
- Julia Capella, 241415
- Gloria Devincenzi, 241418
- P. J. Capella Exemption Trust, 241420
- Estate of Flavio C. Calcagno, 241421
- Fortunato Conti, 241422
- John M. Frederick, 241423
- Sisto Giuliacci, 241424
- Alvaro Nardi and Rose Nardi, 241426
- Louis Matteucci, 241428
- 7a. Elizabeth Montes, 224954
- 7b. Dennis Arthur Speldrick, 225542

~~H3 Homeowner and Renter Property Tax Assistance Matters Mr. Schreiter~~

➤ ~~Opinion~~

- ~~1. Anna Ellis, 282922~~

There are No Items For The Following Matters

- H4 Sales and Use Taxes Matters
- H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- H6 Special Taxes Matters
- H7 Special Taxes Matters – Credits, Cancellations, and Refunds
- H8 Property Tax Matters
- H9 Cigarette License Fee Matters
- H10 Legal Appeals Property Tax Matters

I. TAX PROGRAM NONAPPEARANCE MATTERS

(Contribution Disclosure forms not required pursuant to Govt. Code § 15626)

I1 Property Taxes Matters Mr. Gau

- Unitary & Nonunitary Land Escaped Assessments
 - 1. Citizens Telecommunications Company of California, Inc. (284) - “CF”
 - Pacific Bell Telephone Company (279) – “CF”
 - Cal-Ore Telephone Company (328) – “CF”
 - Sacramento Valley Limited Partnership (2513) – “CF”
 - GTE Mobilnet of California, Ltd. Partnership (2559) – “CF”

- WWC License, LLC (2665) – “CF”
- Nextel of California, Inc. (2737) – “CF”
- Level 3 Communications, LLC (7761) – “CF”
- Private Railroad Car Tax Refund
 - 2. California Railcar Corporation (5752) – “CF”
- Board Roll Changes
 - 3. 2003, 2004, and 2005 State-Assessed Property Rolls – “CF”

I2 Offers-in-Compromise Recommendations Ms. Ogrod

- 1. Donald Napoli
- 2. Hassan S. Tabrizi
- 3. Peggy Newton

CHIEF COUNSEL MATTERS

J. Rulemaking

Alternative Approaches for Taxation of Third-party Consideration Mr. Lambert

- J1 Discussion of Proposed Language for Alternative Approaches Regarding the Taxation of Third-party Consideration with reference to Sales and Use Tax Regulation 1671, *Trading Stamps and Related Promotional Plans*, and Proposed Regulation 1671.1, *Discounts, Coupons, Rebates and Other Incentives*

There Are No Items For The Following Matters

- K. Business Taxes
- L. Property Taxes
- M. Other Matters

ADJOURN - The meeting will reconvene on Wednesday, March 29, 2006, at 9:30 a.m.

If you wish to receive this Notice and Agenda electronically, you can subscribe at www.boe.ca.gov/agenda.

If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

The hearing location is wheelchair accessible. If you require assistance, please contact Cathy Stroh at (916) 324-2599, or e-mail Cathy.Stroh@boe.ca.gov to make special arrangements.

- * Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- ** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



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450 N Street, Room 121, Sacramento
March 28-29, 2006
NOTICE AND AGENDA**

MARCH 29, 2006

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ORAL HEARINGS

A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS

There Are No Hearings For This Matter

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

These Hearings are Scheduled for Tuesday, March 28, 2006.

C. SALES AND USE TAX APPEALS HEARINGS

These Hearings are Scheduled for Tuesday, March 28, 2006.

D. SPECIAL TAXES APPEALS HEARINGS

(Contribution Disclosure forms required pursuant to Govt. Code § 15626)

D1. Idalia Tobar, 234092 (CH)

For Petitioner: Isaac Kalonji Kashsma, Representative
For Department: Monica Brisbane, Tax Counsel

D2. Khani & Son, Inc., 233941 (GH)

For Petitioner: Dan Askari, Representative
For Department: Carolee Johnstone, Tax Counsel

D3. Kam Yuen International, Inc., 216737 (BH)

For Petitioner: Jeffrey Chen, Attorney
Chun Mei Zhang, Representative
For Department: Tim Treichelt, Tax Counsel

E. PROPERTY TAX APPEAL HEARINGS

There Are No Hearings For This Matter

F. PUBLIC HEARINGS

These Hearings Are Scheduled For Tuesday, March 28, 2006 at 1:30 p.m.

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT

These Items Are Scheduled For Tuesday, March 28, 2006

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY

These Items Are Scheduled For Tuesday, March 28, 2006

I. TAX PROGRAM NONAPPEARANCE MATTERS

These Items Are Scheduled For Tuesday, March 28, 2006

CHIEF COUNSEL MATTERS

J. Rulemaking

Rulemaking is scheduled for Tuesday, March 28, 2006

There are No Items for the following Matters

K. Business Taxes

L. Property Taxes

M. Other Matters

ADMINISTRATIVE SESSION

N. Consent AgendaMs. Pellegrini

N1 Retirement Resolutions

- Linda C. Barber
- Michael J. Carrari
- Francis E. Coryell
- Albert F. Deets
- Walter A. Franzell
- Carolyn Geidner
- Romeo G. Mendoza
- Alethea Paras
- Edna Tancioco

N2 Approval of Board Meeting Minutes

- September 28, 2005
- January 31 - February 1, 2006

**N3 Proposed Revisions to Application for Changed Assessment
(Form BOE-305-AH)**

O. Approval of Board Committee Meeting Minutes

O1 Business Tax Committee

P. Other Administrative Matters**P1 Executive Director's Report..... Mr. Hirsig**

Executive Director's opportunity to report on matters of interest to the Board.

1. Streamlined Sales Tax Program Update
2. Curtain Wall Update
3. Public Records Act Requests Update

P2 Interagency Agreements Over \$1 Million.....Ms. Johnson

1. ~~Department of Motor Vehicles (DMV)~~
~~This contract provides for DMV to collect sales and use taxes relating to vehicles and undocumented vessels and transmit district taxes.~~
2. Department of Toxics Substances Control
This contract provides for Board of Equalization to administer the Hazardous Substances Tax Program for the Department of Toxic Substances Control.
3. Stephen P. Teale Data Center
This contract provides for multiple data processing services from the Stephen P. Teale Data Center.

ANNOUNCEMENT OF CLOSED SESSION.....Ms. Pellegrini**Q. Closed Session**

- Q1 Discussion and approval of staff recommendations regarding settlement cases (R&T Code §§ 6901, 7093.5, 30459.1 and 50156.11)
- Q2 Discussion and action on personnel matters (Govt. Code § 11126(a))

ANNOUNCEMENT OF OPEN SESSIONMs. Pellegrini

ADJOURN - The meeting will reconvene at 1:00 p.m.

BOARD MEETING RECONVENES AT 1:00 p.m.

Press Conference

Unveiling California Tax Service Center Online

ADJOURN

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Deborah Pellegrini, Chief
Board Proceedings Division

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